

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Schools and Libraries Universal Service)	CC Docket No. 02-6
Support Mechanism)	

**COMMENTS OF VERIZON¹ IN SUPPORT OF AT&T'S
PETITION FOR CLARIFICATION OR, IN THE ALTERNATIVE, WAIVER**

In the Second Report and Order,² the Commission adopted a rule requiring service providers to give applicants the right to choose discounted billing as a payment option. Second Report and Order, ¶¶ 44-51. AT&T's petition seeks clarification that its on-line reimbursement system, which allows applicants to request delivery of refund checks from AT&T before AT&T's service bill is due, complies with the discounted billing requirement. *See* AT&T Petition, at 4-5. In order to avoid imposing costly billing system changes, the Commission should grant AT&T's petition, and further clarify that similar processes by other service providers will satisfy the "discounted billing" requirement so long as they allow the applicant to effectively avoid up-front payment of the discounted portion of services provided. The Commission should issue the clarification expeditiously so that service providers do not have to begin implementing unnecessary system changes.

Under a discounted billing system, applicants "pay the non-discounted portion of the cost of services, with the service provider seeking reimbursement from the

¹ The Verizon telephone companies ("Verizon") are the local exchange carriers affiliated with Verizon Communications Inc., and are listed in Attachment A.

² *See Schools and Libraries Universal Service Support Mechanism*, Second Report and Order and Further Notice of Proposed Rulemaking, 18 FCC Rcd 9202 (2003) ("Second Report and Order").

Administrator for the discounted portion.” Second Report and Order, ¶ 42. As Verizon and several others pointed out in initial comments, requiring service providers to adopt billing systems that reflect these discounts on applicants’ bills would be extremely costly and time consuming for many service providers to implement. *See id.*, ¶ 45 & n.73. The Commission recognized that there may be significant costs to the service providers associated with discounted billing, and that such costs might be passed through to the school district. *Id.*, ¶ 50. Nevertheless, the Commission implemented the “discounted billing” requirement based on the concern that “many applicants cannot afford to make the upfront payments” that are required if the applicant must first pay the bill in full, and wait to receive a refund of the discounted portion through the Billed Entity Application Reimbursement (“BEAR”) process. *Id.*, ¶ 47.

The Commission should clarify that so long as service providers are able to offer applicants a way to avoid making “upfront payments” of the discounted portion of the cost of services, they have flexibility to implement the method in a way that works best with their systems. By making such a clarification, the Commission will satisfy applicant’s concerns about out-of-pocket payments while simultaneously minimizing the cost and expense of billing system changes.

Respectfully submitted,



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THE VERIZON TELEPHONE COMPANIES

The Verizon telephone companies are the local exchange carriers affiliated with Verizon Communications Inc. These are:

Contel of the South, Inc. d/b/a Verizon Mid-States
GTE Midwest Incorporated d/b/a Verizon Midwest
GTE Southwest Incorporated d/b/a Verizon Southwest
The Micronesian Telecommunications Corporation
Verizon California Inc.
Verizon Delaware Inc.
Verizon Florida Inc.
Verizon Hawaii Inc.
Verizon Maryland Inc.
Verizon New England Inc.
Verizon New Jersey Inc.
Verizon New York Inc.
Verizon North Inc.
Verizon Northwest Inc.
Verizon Pennsylvania Inc.
Verizon South Inc.
Verizon Virginia Inc.
Verizon Washington, DC Inc.
Verizon West Coast Inc.
Verizon West Virginia Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 31st day of July, 2003, copies of the foregoing
“Comments of Verizon In Support of AT&T’s Petition for Clarification Or, In The
Alternative, Waiver” were sent by first class mail, postage prepaid, to the parties on the
attached list.


Eric Fitzgerald Reed

- * Via hand delivery.
- + Via facsimile transmission.
- ^ Via electronic transmission (e-mail).

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